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M E M O R A N D U M
#99-3

TO: All Department and School Fiscal Officers

FROM: Clifford B. Edwards, Director

DATE: November 12, 1998

SUBJECT: **ALL INTERNAL CHECKING ACCOUNTS -- PAYMENTS TO INDIVIDUALS FOR SERVICES -- FORM 1099**

As a result of a prior year FORM 1099 audit conducted by the IRS, agencies and schools are no longer permitted to file paper 1099s. **ALL** Form 1099 reportable payments to vendors must be consolidated in one filing on magnetic media from the Division of Accounting. Any agency or school district that files a paper 1099 is subject to a **$50 fine/penalty** for each form submitted to the IRS.

In accordance with IRS requirements effective for calendar year 1998, a telephone number must appear on 1099 forms. The disbursing agency or school's telephone number will be listed along with the payment amount, payment voucher number and date for each transaction that totals to the amount of the 1099-MISC form.

In order to consolidate the 1099 filing, a table (TN99) has been established within DFMS. All input into this table will be made by **agency personnel** following the instructions attached. Note the extra name field "Name2" which is for a sole proprietor's "doing business as" (DBA). The "Type" field has been replaced with "Miscellaneous" (MISC), "Rent", and "Interest" fields. Due to time limits for issuing 1099s, Tuesday, January 5, 1999, will be the due date for entering information into the TN99 table. A report will be generated of the data that was entered and will be sent or faxed to you for verification. Please notify your State Accountant at the Division of Accounting of any errors or discrepancies.

Any individual who currently enters information in the SVEN table will automatically be able to enter information in the TN99 table. **If any individual needs access to the TN99 table, please contact your agency Information Security Officer (ISO).**

Please note the following concerning entry of information into the TN99 table:

1. If you did not make any reportable payments from your internal checking accounts, please enter the State of Delaware's E.I. number 516000279TN to the E.I./S.S.N. block, your department and organization, and zero (0) dollars in the miscellaneous block.

2. Include **NOT ONLY** payments from your petty cash accounts but **ALL** internal agency/school checking accounts (**ALL** applicable payments other than through DFMS).

3. Report only **one** amount per individual. If multiple payments have been made to the same vendor, please consolidate the payments into one amount.

4. The general rule is that a 1099 must be filed if the total payments, to individuals and/or partnerships for services, are $600 or more. However, you must report all payments to individuals (including state employees and/or partnerships) for services, **regardless** of the amount, because they may have performed services for other state agencies either through DFMS or other internal checking accounts. *Note: Per IRS regulations, effective for calendar year 1998, all attorney (includes a law firm or other provider of legal services) fees (object 5020 and 5021) using an "E.I. Number" (Employer Identification Number) or a social security number must be reported.

If you have any questions concerning the above, please contact Phyllis Jurczak, Senior State Accountant at (302) 739-3298.

CBE:bbg
Attachments(2)

DATA ENTRY OF FORM 1099 INFORMATION
INTO THE 1099 TABLE (TN99)

*   **ACTION: A TABLEID:** TN99 **USERID:** Your DFMS security code

      E.I./S.S.N.: Social Security number of individual plus 2-digit suffix (usually 01)

      DEPT: 2-digit department code

      ORGN: 4-digit organization code

      NAME2: Name of business -- "doing business as" (DBA)

**   **ADDR LINE1:** Address of individual

      ADDR LINE2: Additional address information -- if needed

***   **ADDR LINE3:** City and State (use standard abbreviation)

      ZIP: 5-digit zip (zip plus 4 is optional)

      AMT(S): MISC (miscellaneous income), RENT (rental income), INTEREST (interest income)
      (Enter consolidated amounts from internal checking accounts)

      STATE EMPL: Y for state employee, N for non-state employee

      S.S.N./P: S for Individual or Sole Proprietorship, P for Partnership

      FOREIGN CNTRY IND: Y if foreign, N if not foreign

      ALPHABETIC NAME-TYPE: I if an Individual, B if a Business

      NAME: last name   first name   middle initial

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*   Appropriate **ACTION** codes are:
     A   Add to TN99
     C   Change or correct an existing TN99 table
     D   Delete an existing TN99 table
     S   Scan TN99
     R   Refill TN99
     N   Next blank TN99
     E   Exit TN99

**   When filling in address information, **please** omit punctuation such as commas/periods
***   City and state must be on ADDR LINE3.

ACTION: x TABLEID: xxxx USERID: xxxx
1099 TABLE
KEY IS EMPLOYEE ID/SOCIAL SECURITY NO., DEPARTMENT AND ORGANIZATION

01-
E.I./S.S.N.: xxxxxxxxx xx DEPT: xx   ORGN: xxxx
NAME:
NAME2: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
ADDR LINE1: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
ADDR LINE2: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
ADDR LINE3: xxxxxxxxxxxxxxxxxxx xx xxxxx xxxx
AMT(S): MISC: xxxxxxxxxxxxxxx RENT: xxxxxxxxxx INTEREST: xxxxxxxxxx
STATE EMPL: x   S.S.N./P: x   FOREIGN CNTRY IND: x
ALPHABETIC NAME-TYPE: x (IF "I"==> TYPE NAME IN LAST FIRST MIDDLE FORMAT)
LAST   FIRST   MIDDLE
NAME: xxxxxxxxxxxx   xxxxxxxxx   xxx

ACTION: A TABLEID: TN99 USERID: FRED
1099 TABLE
KEY IS EMPLOYEE ID/SOCIAL SECURITY NO., DEPARTMENT AND ORGANIZATION

01-
E.I./S.S.N.: 123456789 01 DEPT: 10   ORGN: 0304
NAME: CONNIE   CONN
NAME2: DBA CONN ARTIST
ADDR LINE1: 678 PAINTER'S COURT
ADDR LINE2: WEST WASHINGTON'S ESTATE
ADDR LINE3: DOVER   DE 19901 0678
AMT(S): MISC: 0.00 RENT: 40378.95 INTEREST: 0.00
STATE EMPL: N   S.S.N./P: P   FOREIGN CNTRY IND: N
ALPHABETIC NAME-TYPE: x (IF "I"==> TYPE NAME IN LAST FIRST MIDDLE FORMAT)
 LAST   FIRST   MIDDLE
NAME: CONN   CONNIE